



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
ANDERSON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Anthony D. Stratton, Anderson County Judge/Executive

Honorable Thomas D. Cotton, Former Anderson County Judge/Executive

Members of the Anderson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Anderson County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Anderson County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Anderson County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Anderson County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

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Our audit was performed for the purpose of forming an opinion on the financial statements of Anderson County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- The County Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated February 24, 2000 on our consideration of Anderson County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -
February 24, 2000

ANDERSON COUNTY OFFICIALS

June 30, 1999

Anthony D. Stratton	County Judge/Executive
Betty A. Springate	County Attorney
Harold Ritchey	County Clerk
Jan Rogers	Circuit Court Clerk
Jim Evans	Sheriff
Lyjona Clark	Jailer
John Allen Perry	Property Valuation Administrator
W. Dudley Shryock	County Treasurer
Brian Ritchey	Coroner
Randy Peyton	Magistrate
Hubert Shields	Magistrate
Bobby Peach	Magistrate
Alton Warford	Magistrate
Larry Smith	Magistrate
Betty Barnett	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

ANDERSON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 555,684
Road and Bridge Fund:	
Cash	61,569
Jail Fund:	
Cash	5,508
Local Government Economic Assistance Fund:	
Cash	68,794
Escrow Fund:	
Cash	30,762
Capital Outlay Fund:	
Cash	153,336
Park Land Acquisition Company Fund:	
Cash	92,692
Payroll Account - Cash	18,161

Other Resources

General Fund:	
Amounts to be Provided in Future Years for Capital Lease Principal Payments	<u>1,405,000</u>
Total Assets and Other Resources	<u>\$ 2,391,506</u>

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Principal Obligation (Note 5) \$ 1,405,000

Park Land Acquisition Company Fund:

Notes Payable (Note 4) 295,000

Payroll Account 18,161

Fund Balances

Reserved:

Park Land Acquisition Company Fund (202,308)

Escrow Fund 30,762

Unreserved:

General Fund 555,684

Road Fund 61,569

Jail Fund 5,508

Local Government Economic Assistance Fund 68,794

Capital Outlay Fund 153,336

Total Liabilities and Fund Balances \$ 2,391,506

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

ANDERSON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 3,818,128	\$ 2,003,240	\$ 711,515	\$ 66,858
Transfers In	395,828		97,926	229,902
Borrowed Money	390,000			
Kentucky Advance Revenue Program	593,085	569,095	23,990	
Total Cash Receipts	<u>\$ 5,197,041</u>	<u>\$ 2,572,335</u>	<u>\$ 833,431</u>	<u>\$ 296,760</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,411,941	\$ 2,083,591	\$ 797,935	\$ 359,218
Schedule of Unbudgeted Expenditures	631,904			
Transfers Out	395,828			
Park Land Capital Lease Agreement- Principal (Note 5)	240,000			
Kentucky Advance Revenue Program Repaid	593,085	569,095	23,990	
Total Cash Disbursements	<u>\$ 5,272,758</u>	<u>\$ 2,652,686</u>	<u>\$ 821,925</u>	<u>\$ 359,218</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (75,717)	\$ (80,351)	\$ 11,506	\$ (62,458)
Cash Balance - July 1, 1998	<u>1,044,062</u>	<u>636,035</u>	<u>50,063</u>	<u>67,966</u>
Cash Balance - June 30, 1999	<u>\$ 968,345</u>	<u>\$ 555,684</u>	<u>\$ 61,569</u>	<u>\$ 5,508</u>

The accompanying notes are an integral part of the financial statements.

ANDERSON COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Escrow Fund	Construction Fund	Capital Outlay Fund	Park Land Acquisition Company Fund
\$ 72,808	\$ 250,000 68,000	\$ 71,878	\$ 529,814	\$ 112,015 390,000
<u>\$ 72,808</u>	<u>\$ 318,000</u>	<u>\$ 71,878</u>	<u>\$ 529,814</u>	<u>\$ 502,015</u>
\$ 17,501	\$ 79,678	\$ 160,705	\$ 74,018 395,828	\$ 471,199
	240,000			
<u>\$ 17,501</u>	<u>\$ 319,678</u>	<u>\$ 160,705</u>	<u>\$ 469,846</u>	<u>\$ 471,199</u>
\$ 55,307 13,487	\$ (1,678) 32,440	\$ (88,827) 88,827	\$ 59,968 93,368	\$ 30,816 61,876
<u>\$ 68,794</u>	<u>\$ 30,762</u>	<u>\$ 0</u>	<u>\$ 153,336</u>	<u>\$ 92,692</u>

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Anderson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Anderson County Park Land Acquisition Company as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Anderson County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. As of June 30, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$100,902 of public funds uninsured and unsecured. In addition, the county did not have a written agreement with the depository institution securing the county's interest in the collateral.

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of June 30, 1999.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	\$ 600,000
Uncollateralized and uninsured	<u>100,902</u>
Total	<u><u>\$ 700,902</u></u>

Note 4. Notes Payable

On January 21, 1997, the Anderson County Park Land Acquisition Company ("the Company"), a non-profit corporation organized under Section 501 (c)(3) of the Internal Revenue Code, was formed by the Anderson County Fiscal Court ("the County"). The express purpose of "the Company" was to purchase land to lease to "the County" for the creation of a public recreation park. On June 30, 1998, "the Company" had three outstanding loans with three local banks for a total of \$180,000. During fiscal year ended June 30, 1999, "the Company" entered into new loans and consolidated the outstanding and the new loans into an open-end credit not to exceed \$133,000 per bank. The proceeds of these loans were used for the purchase of the land needed for the park. In addition to the proceeds from the aforementioned loans, "the Company" accepted donations to be used in the process of establishing a public park and retiring any debt incurred. The following schedule indicates outstanding loans of "the Company" as of June 30, 1999:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
First Federal Savings Bank of Harrodsburg	June 8, 1999	June 8, 2000	5.0%	\$ 98,334
The Lawrenceburg National Bank	June 8, 1999	June 8, 2000	5.0%	98,333
Progressive Bank	June 9, 1999	June 9, 2000	5.0%	<u>98,333</u>
Total				<u><u>\$ 295,000</u></u>

ANDERSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 5. Capital Lease Agreement

Courthouse Annex

Anderson County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust (KACoLT) for the construction of a courthouse annex. The agreement requires monthly interest payments and annual principal payments, which vary in amount for the life of the lease agreement. The effective interest rate is 5.03 percent, and the agreement will be paid in full as of January 20, 2017. The following schedule indicates principal and interest payments according to the original lease agreement.

<u>Fiscal Year Due</u>	<u>Scheduled Interest and Other Fees</u>	<u>Principal Amount</u>
1999-00	\$ 83,512	\$ 46,000
2000-01	80,690	48,000
2001-02	77,747	50,000
2002-03	74,659	53,000
2003-17	<u>584,094</u>	<u>1,208,000</u>
Totals	<u>\$ 900,702</u>	<u>\$ 1,405,000</u>

Note 6. Insurance

For the fiscal year ended June 30, 1999, Anderson County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

ANDERSON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 2,085,615	\$ 2,003,240	\$ (82,375)
Road and Bridge Fund	787,822	711,515	(76,307)
Jail Fund	67,523	66,858	(665)
Local Government Economic Assistance Fund	71,728	72,808	1,080
Escrow Fund	250,000	250,000	
Capital Outlay Fund	540,200	529,814	(10,386)
Total	<u>\$ 3,802,888</u>	<u>\$ 3,634,235</u>	<u>\$ (168,653)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 3,802,888
Add: Budgeted Prior Year Surplus			792,693
Less: Other Financing Uses			<u>(246,000)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 4,349,581</u>

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SCHEDULE OF OPERATING REVENUE

ANDERSON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes and Excess Fees				
Sheriff:				
Taxes	\$ 791,651	\$ 791,651	\$	\$
Excess Fees - 1998	67,524	67,524		
County Clerk:				
Deed Transfer Tax	67,661	67,661		
Occupational Licenses	19,703			
Delinquent Taxes	13,625	13,625		
Motor Vehicle Property Tax	104,731	104,731		
Excess Fees - 1998	122,258	122,258		
911 Fees	59,676	59,676		
Insurance Premium Tax	506,262			
Distilled Spirits	72,650	72,650		
Bank Franchise	29,723	29,723		
Totals	\$ 1,855,464	\$ 1,329,499	\$ 0	\$ 0

Kentucky State Treasurer

Jail:				
Allotments	\$ 26,619	\$	\$	\$ 26,619
Driving Under The Influence Fees	3,205			3,205
County Road Aid	537,603		537,603	
Truck License Distribution	161,449		161,449	
Courthouse Rental - Administrative				
Office of the Courts	56,981	56,981		
Refunds:				
Drivers Licenses	3,156		3,156	
DES Reimbursement	9,619	9,619		
Severance Taxes:				
Coal	21,458			
Mineral	51,350			
Grants:				
Ambulance Grant	13,042	13,042		
Parks and Recreations Grant	250,000			
Police Incentive Pay	6,487	6,487		

ANDERSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Escrow Fund	Construction Fund	Capital Outlay Fund	Park Land Acquisition Company Fund
\$	\$	\$	\$	\$
			19,703	
			506,262	
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 525,965</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$
21,458				
51,350				
	250,000			

ANDERSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u> (Continued)				
Election Expense Reimbursement	\$ 7,140	\$ 7,140	\$	\$
Miscellaneous	10,835	10,835		
Totals	<u>\$ 1,158,944</u>	<u>\$ 104,104</u>	<u>\$ 702,208</u>	<u>\$ 29,824</u>
<u>Miscellaneous Revenue</u>				
Interest	\$ 108,717	\$ 31,951	\$ 637	\$
Circuit Court Clerk:				
Jail Cost	22,067			22,067
Bond Fees	2,420			2,420
Work Release	7,427			7,427
Juvenile Justice	5,120			5,120
Licenses and Permits:				
Building Permits	35,163	35,163		
Electrical Inspection Fees	35,152	35,152		
Cable TV Franchise	6,722	6,722		
Donations	111,613			
Charges for Services:				
Solid Waste Permits	6,600	6,600		
Parks and Recreation	48,627	48,627		
Ambulance Service	351,960	351,960		
City Contributions-				
Parks and Recreation	15,750	15,750		
Animal Shelter	3,000	3,000		
Road Material Sales	4,581		4,581	
Surplus Machinery/Equipment Sales	2,450		2,450	
Animal Shelter	10,610	10,610		
Vending Machine Commissions	695	695		

ANDERSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Escrow Fund	Construction Fund	Capital Outlay Fund	Park Land Acquisition Company Fund
\$	\$	\$	\$	\$
\$ 72,808	\$ 250,000	\$ 0	\$ 0	\$ 0
\$	\$	\$ 71,878	\$ 3,849	\$ 402

111,613

ANDERSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Park Concession Sales	\$ 3,293	\$ 3,293	\$	\$
Reimbursements	11,983	11,983		
Recycling	1,639		1,639	
Miscellaneous Items	8,131	8,131		
Totals	<u>\$ 803,720</u>	<u>\$ 569,637</u>	<u>\$ 9,307</u>	<u>\$ 37,034</u>
Total Operating Revenue	<u>\$ 3,818,128</u>	<u>\$ 2,003,240</u>	<u>\$ 711,515</u>	<u>\$ 66,858</u>

ANDERSON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Escrow Fund	Construction Fund	Capital Outlay Fund	Park Land Acquisition Company Fund
\$	\$	\$	\$	\$
\$ 0	\$ 0	\$ 71,878	\$ 3,849	\$ 112,015
<u>\$ 72,808</u>	<u>\$ 250,000</u>	<u>\$ 71,878</u>	<u>\$ 529,814</u>	<u>\$ 112,015</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

ANDERSON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 53,279	\$ 52,556	\$ 723
Secretary	24,226	23,953	273
Part-Time Secretary	10,200	9,740	460
Office of County Attorney:			
Salaries-			
County Attorney	26,467	26,466	1
Secretaries	9,389	9,388	1
Office Allowance	3,000	3,000	
Office of County Clerk:			
Fiscal Court Clerk Salary	6,516	6,516	
Fees	7,955	4,840	3,115
Office of Sheriff:			
Dare Program Support	250		250
Office of County Coroner:			
Salaries-			
County Coroner	5,618	5,617	1
Deputy Coroner	2,045	2,035	10
Expenses	1,500	996	504
Fiscal Court:			
Magistrates Salaries	45,443	45,433	10
Legal Advertising	11,215	11,215	
Association Dues	5,105	5,103	2
Magistrates Expenses	7,200	7,200	
Meeting Expenses	6,500	4,818	1,682
Office of Property Valuation Administrator:			
Statutory Contribution	31,265	29,510	1,755

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Board of Assessment Appeals:			
Per Diem	\$ 500	\$ 400	\$ 100
Office of County Treasurer:			
County Treasurer's Salary	15,000	15,000	
Office of Tax Administration:			
Business License Fee Administrator-Salary	23,055	23,055	
Data Processing:			
Computer System Supplies	14,000	3,226	10,774
County Law Library:			
Law Librarian Salary	605	604	1
Elections:			
Per Diem-			
Election Commissioners	2,400	2,400	
Election Officers	11,000	9,713	1,287
Fees	2,000	400	1,600
Printing and Advertising	17,140	17,139	1
Planning and Zoning:			
Zoning Enforcement Officer-Salary	13,125	13,125	
Planning Commission Contribution	10,500	10,500	
Courthouse:			
Salaries-			
Janitor	22,094	22,093	1
Other Salaries	23,960	23,951	9
Office Supplies	12,000	9,986	2,014
Postage	6,000	5,307	693
Courthouse Repairs	50,000	36,186	13,814
Utilities	60,800	60,726	74

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Other County Properties:			
Attorney Fees	\$ 12,261	\$ 12,160	\$ 101
Custodial Supplies	10,000	7,768	2,232
Carcass Removal	9,000	8,880	120
District Courtroom	129,179	44,618	84,561
<u>Protection to Persons and Property</u>			
County Police:			
County Police Salaries	59,855	58,703	1,152
Incentive Pay	5,000		5,000
Fuel	2,700	2,054	646
Supplies	4,500	3,905	595
Vehicle Maintenance	3,500	2,756	744
Housing Safety Inspection:			
Electrical Inspector Salary	19,364	19,363	1
Mileage Reimbursement	2,500	2,086	414
Advance Life Support:			
Medical Director Salary	13,500	13,485	15
Medical Supplies	31,000	30,653	347
Training/Equipment	45,162	45,162	
Disaster and Emergency Services:			
Director Salary	4,000	3,750	250
Computer Maintenance	2,000	1,952	48
Program Support	6,000	5,820	180
Postage	1,000	822	178
Ambulance Service:			
Salaries-			
EMS Program Specialist	28,350	28,350	
Public Safety Program Specialist	15,350	6,597	8,753
Office Manager	18,900	8,057	10,843
Director	31,501	31,500	1

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Ambulance Service: (Continued)			
Salaries- (Continued)			
Other Salaries	\$ 301,936	\$ 301,917	\$ 19
Advertising	1,000	867	133
Collection Fees	4,000	3,922	78
Building Maintenance	10,000	9,966	34
Computer Maintenance	6,000	5,997	3
Data Processing Supplies	6,000	5,962	38
Fuel	10,000	7,542	2,458
Response Vehicle	22,000	22,000	
Office Supplies	4,000	3,855	145
Tires	2,500	2,355	145
Uniforms	5,500	4,752	748
Postage	3,500	3,498	2
Printing	1,500	1,364	136
Reimbursements	6,000	5,285	715
Educational Programs	1,500	1,500	
Radio Equipment and Repairs	4,500	4,500	
Vehicle Maintenance/Parts	16,500	16,479	21
Emergency Dispatch Service:			
911 Project	65,000	60,850	4,150
Pagers	6,560	6,559	1
Communication System	2,000	1,675	325
Forestry Fire Protection:			
Kentucky State Treasurer	1,158	1,158	
Commonwealth Attorney			
Program Support	3,750	3,750	
Dog Control:			
Salaries-			
Officer	14,060	14,059	1
Part-Time	3,600	3,351	249
Veterinarian Charges	9,200	9,176	24

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Dog Control: (Continued)			
Shelter Maintenance	\$ 5,513	\$ 1,599	\$ 3,914
Food and Supplies	9,357	9,332	25
Shelter Fuel	1,000	872	128
Shelter Utilities	3,000	2,466	534
Transportation Equipment	18,000		18,000
Solid Waste:			
Office Supplies	5,000	4,891	109
Supplies/Equipment	4,580	4,577	3
Postage	1,000	803	197
Training	1,000	995	5
Education Program	3,000	2,999	1
Other Health Program:			
Livestock Inspector Salary	227		227
Drug Testing	400	6	394
Nursing Home Ombudsman	1,500	1,500	
Mental Health/Mental Retardation:			
Comprehensive Care Program Support	2,000	2,000	
Soil and Water Conservation:			
District Contribution	25,000	25,000	
<u>Social Services</u>			
Senior Citizens Program:			
Contribution	23,125	23,125	
General Charity and Welfare:			
Community Action Agency	2,000		2,000
General Home Relief	500		500

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u> (Continued)			
Other Social Service Programs:			
Anderson Senior Care-Contribution	\$ 3,000	\$ 3,000	\$
<u>Recreation and Culture</u>			
Other Recreation Programs:			
Salaries-			
Director	21,080	21,080	
Part-Time	49,000	48,842	158
Concessions	10,496	8,025	2,471
Supplies and Equipment	29,961	29,950	11
Utilities	9,824	5,016	4,808
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advance Revenue Program -			
Interest	24,750	13,531	11,219
Other County Liabilities:			
Lease-Purchase Agreement - Voting			
Machines	10,150	10,150	
<u>Administration</u>			
General Services:			
Auditing	14,000	12,794	1,206
Insurance and Bonds	70,000	47,296	22,704
Bluegrass ADD Contribution	1,200	1,175	25
KACO Membership	1,200	900	300
NACO Membership	265		265
Miscellaneous	95,415	39,076	56,339
Contingent Appropriations:			
Reserve for Transfers	341,739		341,739

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Fringe Benefits:			
County Contributions-			
Social Security	\$ 107,159	\$ 106,304	\$ 855
Retirement	145,584	140,607	4,977
Health Insurance	142,303	136,930	5,373
Worker's Compensation	70,000	31,924	38,076
Unemployment Insurance	3,850	3,849	1
Total Operating Budget	\$ 2,764,916	\$ 2,083,591	\$ 681,325
Other Financing Uses:			
*Kentucky Advance Revenue Program-			
Principal	569,905	569,095	810
Total General Fund	\$ 3,334,821	\$ 2,652,686	\$ 682,135

ROAD AND BRIDGE FUND

General Health and Sanitation

Other Health Programs:			
Drug Testing and Physicals	\$ 500	\$ 45	\$ 455
Road Facilities:			
Transportation Equipment	138,147	83,691	54,456
Utilities	7,800	6,889	911
<u>Roads</u>			
Office of Road Supervisor:			
Supervisor Salary	31,258	31,228	30
Road Maintenance:			
Road Workers Salary	195,000	166,594	28,406
Fuel	12,725	12,723	2

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u> (Continued)			
Road Maintenance: (Continued)			
Construction Materials	\$ 413,431	\$ 389,825	\$ 23,606
Office Supplies	500	257	243
Road Materials and Supplies	100,000	61,578	38,422
Uniforms	2,225	1,912	313
Repairs	42,700	42,668	32
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advance Revenue Program- Interest	1,575	525	1,050
Total Operating Budget	\$ 945,861	\$ 797,935	\$ 147,926
Other Financing Uses:			
*Kentucky Advance Revenue Program- Principal	24,950	23,990	960
Total Road and Bridge Fund	\$ 970,811	\$ 821,925	\$ 148,886

JAIL FUND

Protection to Persons and Property

Office of Jailer:

Personnel Services-

Salaries-

Jailer

\$ 31,093 \$ 31,093 \$

Deputies

8,652 8,652

Part-Time

20,000 18,956 1,044

Operations-

Contracts With Other Counties

252,965 248,488 4,477

Fuel

2,000 1,023 977

Office Supplies

2,000 1,793 207

Routine Medical

20,650 20,612 38

Staff Uniforms

500 497 3

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Staff Training	\$ 1,025	\$ 1,011	\$ 14
Transporting Prisoners	2,100	2,099	1
Utilities	4,625	4,606	19
Vehicle Maintenance	2,000	1,383	617
Juvenile Detention:			
Contracts With Other Counties	23,980	19,005	4,975
Total Jail Fund	<u>\$ 371,590</u>	<u>\$ 359,218</u>	<u>\$ 12,372</u>
 LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Public Defender:			
Public Advocacy Program	\$ 1,900	\$	\$ 1,900
<u>Recreation and Culture</u>			
Other Culturer Programs:			
Adult Literacy Center	4,000		4,000
<u>Roads</u>			
Road Maintenance:			
Cleanup	25,000	7,335	17,665
Construction Material	54,314	10,166	44,148
Total Local Government Economic Assistance Fund	<u>\$ 85,214</u>	<u>\$ 17,501</u>	<u>\$ 67,713</u>

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ESCROW FUND</u>			
<u>Protection to Persons and Property</u>			
Ambulance Service:			
Ambulance Purchase	\$ 25,000	\$	\$ 25,000
<u>General Health and Sanitation</u>			
Water System:			
Water Line Project	9,000	9,000	
<u>Recreation and Culture</u>			
Park Land:			
Capital Lease-Purchase Agreement- Interest (Note 5)	73,000	70,678	2,322
Total Operating Budget	\$ 107,000	\$ 79,678	\$ 27,322
Other Financing Uses:			
**Park Land Capital Lease Agreement- Principal (Note 5)	246,000	240,000	6,000
Total Escrow Fund	\$ 353,000	\$ 319,678	\$ 33,322
<u>CAPITAL OUTLAY FUND</u>			
<u>General Government</u>			
Office of Tax Administrator:			
Insurance Premium Tax Reimbursement	\$ 1,000	\$ 18	\$ 982
<u>Recreation and Culture</u>			
Cooperative Extension Service:			
Extension Service Program Support	74,000	74,000	
Total Capital Outlay Fund	\$ 75,000	\$ 74,018	\$ 982

ANDERSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
Total Operating Budget - All Funds	\$ 4,349,581	\$ 3,411,941	\$ 937,640
Other Financing Uses:			
*Kentucky Advance Revenue Program- Principal	594,855	593,085	1,770
**Park Land Capital Lease Agreement- Principal (Note 5)	<u>246,000</u>	<u>240,000</u>	<u>6,000</u>
TOTAL BUDGET - ALL FUNDS	<u>\$ 5,190,436</u>	<u>\$ 4,245,026</u>	<u>\$ 945,410</u>

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SCHEDULE OF UNBUDGETED EXPENDITURES

ANDERSON COUNTY
SCHEDULE OF UNBUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

<u>Expenditure Items</u>	Park Land Acquisition Company Fund	Construction Fund
Site Preparation and Construction	\$ 425,632	\$ 80,316
Draft Repayment	35,000	
Interest on Borrowed Money	8,250	65,813
Administration Fees		3,477
Credit Fees		7,731
Fiduciary Fees		3,368
Miscellaneous	<u>2,317</u>	
Totals	<u>\$ 471,199</u>	<u>\$ 160,705</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Anthony D. Stratton, Anderson County Judge/Executive
Honorable Thomas D. Cotton, Former Anderson County Judge/Executive
Members of the Anderson County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Anderson County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated February 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Anderson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anderson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Anthony D. Stratton, Anderson County Judge/Executive
Honorable Thomas D. Cotton, Former Anderson County Judge/Executive
Members of the Anderson County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
February 24, 2000

COMMENT AND RECOMMENDATION

ANDERSON COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1999

NONCOMPLIANCES

The County Should Require The Depository Institution To Pledge Or Provide Sufficient Collateral And Enter Into A Written Agreement To Protect Deposits

On June 30, 1999, \$100,902 of the county's deposits of public funds were uninsured and unsecured. According to KRS 66.480(1)(d) and KRS 41.240(4), financial institutions maintaining deposits of public funds are required to pledge securities or provide surety bonds as collateral to secure these deposits if the amounts on deposit exceed the \$100,000 amount of insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The county should require the depository institution to pledge or provide collateral in an amount sufficient to secure deposits of public funds at all times. We also recommend the county enter into a written agreement with the depository institution to secure the county's interest in the collateral pledged or provided by the depository institution. According to federal law, 12 U.S.C.A. § 1823(e), this agreement, in order to be recognized as valid by the FDIC, should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

The County Judge's Response:

We will discuss the fluctuating needs for coverage with appropriate banking officials. We have already secured a written agreement with depository institution.

PRIOR YEAR FINDINGS

The County Should Have Required Depository Institutions To Pledge Additional Securities Of \$766,864 As Collateral And Entered Into A Written Agreement To Protect Deposits

This finding is also a current year noncompliance as reflected above.

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CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

ANDERSON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

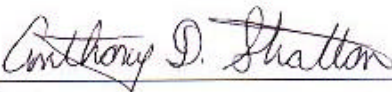
Appendix A

CERTIFICATION OF COMPLIANCE

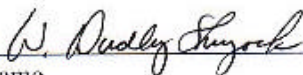
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

ANDERSON COUNTY FISCAL COURT

The Anderson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer